

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814

December 18, 1995

ALL COUNTY LETTER NO. 95-78

TO: ALL COUNTY WELFARE DIRECTORS

REASON FOR THIS TRANSMITTAL

- ☒ State Law Change
- ☐ Federal Law or Regulation Change
- ☐ Court Order
- ☐ Clarification Requested by One or More Counties
- ☐ Initiated by CDSS

SUBJECT: TREATMENT OF ROOM AND BOARD INCOME AND CHILD CARE DISREGARD IN AFDC

REFERENCES: WELFARE AND INSTITUTIONS CODE SECTIONS 10790 and 10791; AMEND MPP 44-101.52 and MPP 44-113; and REPEAL MPP 44-113.4

The purpose of this letter is to provide County Welfare Departments (CWDs) with information regarding the attached emergency regulations which will become effective March 1, 1996. The regulations involve policy changes in two areas: 1) treatment of income from room and board, or room rental; and, 2) allowable child care disregard for employed recipients.

The revision regarding treatment of room and board income brings the regulations into compliance with federal law. The current regulations treat this income differently than other types of income by exempting 90% of the gross amount earned. The proposed regulations provide that all income from room and board, or room rental be considered self-employment income. The actual payment received, minus allowable business expenses, is counted as earned income to the Assistance Unit.

The revised regulations also simplify the child care disregard allowance to a \$175 limit per child or incapacitated adult and a \$200 limit for a child under age two. The current one dollar (\$1.00) difference for less than 100 hours and 13 days is eliminated. This AFDC regulation, as amended, is consistent with similar provisions in the Food Stamp Program.

Also, the Work Incentive (WIN) Demonstration and the Career Opportunities Development (COD) Programs no longer exist and references have been deleted where related to this package.

If you have any questions or need further information on implementation of these regulations, please contact Ms. Anna Chambers at (916) 654-1077 (CALNET 464-1077).

Sincerely,



BRUCE WAGSTAFF  
Deputy Director  
Welfare Programs Division

Attachment

Amend Section 44-101 to read:

44-101 INCOME DEFINITIONS (Continued)

44-101

.5 Earned Income

.51 (Continued)

.52 Earned income also includes:

.521 (Continued)

.522 Returns from personal or real property, such as net income from rental of rooms, or board and room/ *if such returns result from an appreciable and continuous effort on the part of the applicant or recipient.*

.523 (Continued)

.524 (Continued)

.525 Training incentive payments and work allowances under ongoing manpower programs, other than WIN Demo/ GAIN and JTPA.

.526 Earnings from On-the-Job Training (OJT or WIN/COO) and earnings from Public Service Employment *other than Public Service Employment under the WIN Demo program (WIN/PSEY).*

(Continued)

Authority Cited: Sections 10553 and 10554, Welfare and Institutions Code.

Reference: Sections 10553 and 10554, Welfare and Institutions Code; 45 CFR 233.20(a)(6)(v)(B); *and Sallis v. McMahon*, Sacramento County Superior Court, case no. 364308, January 30, 1991.

Amend Section 44-113 to read:

44-113      NET INCOME

44-113

.1    Property

a.    (Continued)

b.    Rental of rooms/    *In App Net Income is 10% of gross!*  
      and Room and Board    See Section 44-113.212 for computing  
                                 self-employment net income.

c. through g. (Continued)

.2    Earnings

.21    Computation of Net Nonexempt Earned Income for Aid to Families with  
      Dependent Children

(Continued)

.211 through .216 (Continued)

.217    For each employed recipient apply a disregard as determined below  
      for the reasonable and necessary costs of obtaining child care  
      for a child in the AU or care for an incapacitated individual in  
      the AU when the county determines that adequate dependent care  
      cannot be provided during his/her working hours by a person in  
      the recipient's assistance unit.

(a)    For each child or incapacitated individual the amount of  
      the dependent care disregard is the least of:

(1)    \$175 per child or incapacitated individual if the  
      *recipient is employed or self-employed at least 100*  
      *hours and at least 13 days of the month (\$200 per*  
      *month per child under age 2) / or \$174 per child or*  
      *incapacitated individual if the recipient is employed*  
      *or self-employed less than 100 hours and 13 days per*  
      *month (\$199 per month per child under age 2) / or*

(2)    (Continued)

(3)    (Continued)

.218    (Continued)

.219    (Continued)

.22    (Continued)

- .3 Net Income from Social Security, Railroad Retirement Benefits and Other Pensions
- .31 (Continued)
- .32 (Continued)
- .4 Board and Room (Reserved)
- Net income from board and/or room is 10 percent of the actual payment received.*
- .5 through .14 (Continued)

Authority Cited: Sections 10553 and 10554, Welfare and Institutions Code.

Reference: Sections 10553 10554, 10790, 10791 and 11008.19, Welfare and Institutions Code; 45 CFR 233.10; 45 CFR 233.20(a)(3)(ii)(C) and (vi)(A); 45 CFR 233.20(a)(6)(v)(B); 45 CFR 233.20(a)(11); 45 CFR 233.20(a)(11)(D); 45 CFR 255.3; and Darces v. Woods, 35 Cal. 3d 871.